

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301  
Indianapolis, IN 46204  
(317) 233-0696  
<http://www.in.gov/legislative>

**FISCAL IMPACT STATEMENT**

**LS 6641**

**BILL NUMBER: SB 250**

**NOTE PREPARED: Jan 4, 2010**

**BILL AMENDED:**

**SUBJECT:** Streamlined Sales and Use Tax Agreement.

**FIRST AUTHOR:** Sen. Kenley

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:** ☒ **GENERAL**  
☒ **DEDICATED**  
☐ **FEDERAL**

**IMPACT:** State & Local

**Summary of Legislation:** This bill makes changes in the Gross Retail and Use Tax laws to conform to the requirements of the Streamlined Sales and Use Tax Agreement. It provides that gross retail income does not include telecommunications nonrecurring charges. It defines telecommunications nonrecurring charges as amounts billed for installation, connection, change, or initiation of a telecommunications service.

It defines a computer software maintenance contract as a contract that obligates a person to provide a customer with future updates or upgrades of computer software. The bill adds any electronically transferred product to the list of digital products. It defines transferred electronically as not being transferred using tangible storage media.

This bill eliminates the tax rate brackets. It restates the rounding rule without change. It also provides that the sale of a digital code that may be used to later obtain a product transferred electronically is taxed the same as the product.

The bill exempts the sale or rental of mobility enhancing equipment from the gross retail tax if the sale or rental is prescribed by a person licensed to issue the prescription. It exempts the sale of dietary supplements from the gross retail tax. It provides that a certified service provider or a seller using a certified automated system that obtains a taxability matrix from the department is not liable for sales or use tax collection errors that result from relying on the taxability matrix.

**Effective Date:** July 1, 2010.

**Explanation of State Expenditures:** The Department of State Revenue (DOR) will incur additional expenses to revise tax forms, instructions, and computer programs to reflect the changes in this bill. It is

estimated the DOR could implement these changes through the use of its existing level of staff and resources.

**Explanation of State Revenues:** The bill specifies sales that are excluded from the Sales Tax base, specifies certain sales that are exempt from Sales Tax, and specifies certain sales that are taxable under the Sale Tax for purposes of conformity with the Streamlined Sales Tax Agreement. The amendments, however, do not change the current treatment of these sales under the Sales Tax, so these changes are not expected to result in a fiscal impact.

For purposes of conformity with the Streamlined Sales Tax Agreement, the bill amends the statutory language relating to breakage of Sales Tax, including eliminating the breakage table for sales of less than \$1.07. This amendment does not change the breakage on sales of \$1.07 or more, but does result in a slight change in breakage for sales of less than \$1.07. The latter could result in a small positive fiscal impact from some sales that are less than \$1.07.

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** DOR.

**Local Agencies Affected:**

**Information Sources:** Tom Conley, DOR, (317) 232-2107.

**Fiscal Analyst:** Jim Landers, 317-232-9869